CALIFORNIA DEPARTMENT OF INSURANCE

CREDIT LIFE AND DISABILITY STANDARD POLICY FORMS AND ADMINISTRATION REGULATIONS

TITLE 10, CALIFORNIA CODE OF REGULATIONS, CHAPTER 5, SUBCHAPTER 2
ARTICLES 6.7 AND 6.9

DATE: August 30, 2006
REGULATION FILE: RH04041147

FINAL STATEMENT OF REASONS

INTRODUCTION

The regulations governing credit life and credit disability insurance on revolving accounts and on loans of ten years duration or less (hereinafter, "credit life and disability insurance" or "credit insurance") appear in three Articles of Title 10, California Code of Regulations, Chapter 5, Subchapter 2. Article 6.7 (§§ 2248 – 2248.19) includes provisions relating to credit insurance administration and policy form design. Article 6.8 regulates the premium rates charged for credit insurance; it is not affected by this rule-making action. Article 6.9 (§§ 2249.1 – 2249.16) implements the system of mandatory standard credit insurance policy forms required by Insurance Code § 779.27.

Insurers must use the standard credit insurance policy forms promulgated in Article 6.9 whenever possible. Approximately 150 standard individual policies, group certificates, applications and notices of proposed insurance can be drafted by assembling paragraphs of standard text according to instructions in the regulation. Such forms are not required to be approved by the Department before they are issued by insurers. The regulation also provides rules for the drafting and prior Department approval of "non-standard" credit insurance policy forms for use where standard forms are inappropriate. We understand that most credit life and disability insurers use standard forms for the bulk of their business.

The purpose of this rulemaking action is to update Articles 6.7 and 6.9 to make them more useful for those who must comply with them and for those who must enforce them. The principal thrust of the action is to update the regulations to reflect changes in statutes, other regulations and in the credit life and disability insurance marketplace that have occurred since the Articles were last revised. Several limitations in Article 6.7 on insurers' administration of their credit insurance programs have been nullified by legislation. Insurers can no longer rely solely on Article 6.9 when drafting lawful credit insurance policy forms because of changes in the Insurance Code. Many, now-common, credit insurance product design features must be individually approved on a non-standard basis because they are not provided for in the regulations. Finally, experience with Article 6.9 has revealed ambiguities and inconsistencies in it that require clarification or resolution.

The regulations to be amended are used almost entirely by persons experienced in the credit life and disability insurance business. Further, Article 6.9 is used only by insurance policy form drafters who are either employees of or consultants to insurance

companies. Such persons are familiar with terms in the regulations that may be somewhat obscure to those outside the credit life and disability insurance business.

SPECIFIC PURPOSE AND REASONABLE NECESSITY

The specific purpose of each adoption and the rationale for the Commissioner's determination that each adoption is reasonably necessary to carry out the purpose for which it is proposed are set forth below. See the table at the end of this document to determine where the purpose and necessity for a specific amendment is discussed below.

Generally. The policy form language changes made by this rulemaking action codify, as standard, language that the Department has previously approved on a non-standard basis, except as noted. "Certificate," as used herein, means "individual policy and/or group certificate" except where the context requires otherwise.

AMENDMENTS TO REFLECT STATUTORY AND REGULATION CHANGES

Amendments are discussed in the chronological order of the statutory and regulation changes that made them necessary.

1. Repeal Compensation Provisions. Existing §§ 2248.11 and 2248.12 pertain to insurers' methods of compensating creditors and insurance producers for selling their credit insurance products.

Insurance Code §§ 779.32 and 779.33, enacted in 1985, cover the same subject matter as §§ 2249.11 and 2248.12, respectively. To the extent that §§ 2248.11 and 2248.12 are inconsistent with the cited Ins. C. Sections, they are void by operation of law. To the extent that they have the same effect as the Ins. C. Sections, they are duplicative. Also, state and federal credit unions are not now prohibited from profiting from their insurance activities, contrary to the premise of § 2248.11(b).

Existing §§ 2248.11 and 2248.12 are repealed for the reasons stated.

2. Change MIB Pre-notice. The existing "Medical Information Bureau Pre-notice" in the Medical Application of Borrower (Application Block AP 20 of § 2249.11), provides that the Bureau will disclose medical information about the applicant only to the applicant's attending physician.

Insurance C. § 791.10(b) was amended in 1985 to provide that an "insurance support organization," such as the Medical Information Bureau, should disclose medical information that it has about an applicant directly to the applicant or to a (defined) medical professional of the applicant's choosing, at the applicant's option. It further provides that mental health information may be given directly to the applicant ". . . only with the approval of the qualified professional person with treatment responsibility for the condition to which the information relates." The existing language in the Pre-notice is inconsistent with the Ins. C. provision. The language might also inhibit an applicant from requesting information that he or she has a right to obtain from the Bureau.

The parenthetical phrase in the Medical Information Bureau Pre-notice in § 2249.11, AP 20, is amended to apply only to "mental health information" and to indicate that disclosure of that information may be "limited". The new language does not attempt to paraphrase the statutory language in the interests of brevity, but rather puts the applicant

on notice that there may be restrictions on mental health information disclosure to him or her.

In the past, the Department allowed filers to comply with the cited Insurance Code amendment by changing the existing parenthetical phrase to "(Mental health information will be disclosed only to your attending physician.)". However, this is an inaccurate interpretation of the Insurance Code language.

3. Repeal Language Relating to Gross Decreasing Life Coverage. Existing regulations establish standard certificate forms bearing Identification Numbers (hereinafter, "ID") 1 through 4 that provide so-called "gross decreasing life" insurance coverage. This plan of coverage for decreasing balance, closed-end loans provides a life insurance benefit that exceeds the scheduled outstanding principal balance of the loan over all but the last month of the scheduled term of coverage in most cases.

Insurance C. § 779.4(a)(1) was amended in 1992 to prohibit credit life insurance from covering more than the scheduled or actual balance of the loan on the date of death plus earned interest. This effectively prohibited gross decreasing life insurance coverage in products subject to Article 6.9.

The following changes are made to the regulations to be consistent with the prohibition of gross decreasing life coverage:

The Identification Number Chart in existing § 2249.7 keys the standard policy form Identification Numbers to the standard coverage types and coverage combinations. Existing ID numbers 1 through 4 in the Chart include gross decreasing life coverages. The existing Chart also contains a check-box column sub-captioned, "Gross Decreasing", under the "Life" caption, indicating which certificates include gross decreasing life coverages.

The Chart entries for ID numbers 1 through 4 and the column captioned "Gross Decreasing" are deleted from the Chart. The entries for ID number 5 are also deleted, because that form was designed to be the disability-only component of the gross-life "family" of forms.

Existing §§ 2249.8 and 2249.9 set forth the sequences of the text blocks that are assembled to make the standard policy and certificate forms, respectively. The text block sequences for ID Numbers 1 through 5 are repealed in these Sections.

Existing §§ 2249.8 and 2249.9 provide that the same text block sequences shall be used for ID Number 5 and ID Number 15 disability-only forms. The text block sequences are set forth for ID 5 and the entries for ID 15 refer the user to ID 5. The Sections are amended by setting forth the text block sequences in the ID 15 entries.

Existing Policy and Certificate Block PE 1, "Amount of Life Insurance", in § 2249.12, states how the amount of gross decreasing life insurance is computed. The Block is repealed.

Existing Notice of Proposed Insurance Blocks B-1 and B-2 in § 2249.13 reflect the gross decreasing life coverage in the repealed standard certificates with which they were designed to be used. Those Blocks are repealed.

The existing ID # 1 Sample Policy in § 2249.14 is changed to an ID # 11 group certificate with a ("net balance") decreasing life insurance benefit that complies with Ins. C. § 779.4(a)(1).

Existing § 2249.6(k) provides that the standard "Partial Payoff" language can be used with ID "1 through 5" forms, among others. The quoted reference is repealed as part of the redrafting of the subsection, discussed below.

4. Change Pre-existing Conditions Language in Credit Card Disability Coverages. Existing regulations include standard language reflecting Ins. C. § 779.30(a), which provides that pre-existing medical conditions limitations in disability coverages shall be timed from the effective date of coverage. Existing regulations also provide standard language reflecting Ins. C. § 779.30(d), which provides that pre-existing medical conditions limitations in disability products covering open end and revolving accounts may be timed from the last advance or charge on the account.

Insurance C. § 779.30(f), enacted in 1992, excepts disability coverages on "credit cards" (as defined in the Section) from Ins. C. § 779.30(d). Thus, such coverages may use only pre-existing conditions limitations timed from the effective date of coverage under § Ins. C. § 799.30(a). Existing regulations are inconsistent with the former cited Code Section.

Subdivision (2) is added to § 2249.6(l), directing drafters of credit card coverages to use specified existing Policy and Certificate and Notice Of Proposed Insurance text blocks that comply with Ins. C. § 779.30(a) in lieu of the text blocks otherwise called for in the standard open-end forms.

5. Make Changes Reflecting the California Finance Lenders Law. Existing regulations refer to the "Personal Property Brokers Law" and the "Consumer Finance Lenders Law" in caveats in the standard applications used with ID 6 through 9 forms.

Chapter 1115, Statutes of 1994, amended the Financial Code by repealing the Personal Property Brokers Law and the Consumer Finance Lenders Law and replacing them with the "California Finance Lenders Law", commencing with Fin. C. § 22000.

The caveats in Application Blocks AP 5 through AP 8 of §2249.11 are amended to be consistent with the cited changes in the Financial Code.

6. Repeal Reference to Revolving Credit Accounts and Certain Lenders. Existing § 2248.4(c) states, in part, that the Financial Code prohibits Personal Property Brokers and Industrial Loan Companies from marketing credit disability insurance on revolving credit accounts. However, Fin. C. §§ 22455 and 18292(d), enacted in 1994, authorizes California Finance Lenders (the successor license category to Personal Property Brokers) and Industrial Loan Companies, respectively, to sell such coverage.

The second sentence of § 2248.4(c) is deleted so that the subsection will be consistent with current law.

7. Adopt Standard "Free Look" and Consumer Contact Provisions. Existing regulations do not provide language for the notices of the right to rescind credit insurance required by Ins. C. § 779.14(b) as enacted in 1991 nor for the Ins. C. § 510 consumer contact notices required in certificates and Notices of Proposed Insurance by the former section as amended in 1998.

Policy and Certificate Blocks PA 1 through PA 4 in § 2249.12 and Notice of Proposed Insurance Blocks D-1, D-2 and D-3 in § 2249.13 are amended to include language to be consistent with Ins. C. § 779.14(b). The right to rescind and consumer contact language is derived from language that has been proposed by and approved for many form filers for use in non-standard forms.

Insurance Code § 510 requires that, at the insurer's option, either or both the insurer and the licensed insurance agent (if any) shall be named in the consumer contact notice as a source of assistance regarding the insurance, except that the agent shall be named if it issued or delivered the policy or certificate to the insured. (The "licensed insurance agent" in the context of credit insurance distribution is almost always the creditor.)

As initially proposed, the consumer contact language required that the insurer's address and telephone number and the agent's name, address and telephone number appear in full in the notice. This was a change in Department practice, wherein we had previously approved non-standard consumer notices that referenced the certificate masthead for insurer information and the Creditor Beneficiary Schedule Block for agent information. We appreciated that requiring the agent, particularly, to be identified in full in the notice might create administrative problems where the same certificate form was used with many different creditor/agents. However, we did not know how much of a problem this might be for insurers, given that many credit forms are printed as needed in the field and are easily "customized." Thus, we hoped to gather testimony or comments on this issue during the public comment period. In the event, no one commented on it.

In processing policy form filings during the public comment period, we suggested that filers adopt the originally-proposed consumer contact notice language so that the forms would not have to be revised when the proposed amendments were adopted. A major credit insurer with filings pending at the time stated that having to name the creditors in the body of the notice would present administrative problems because the company dealt with so many creditors. On the other hand, it had no problem with including the required information about the insurer in the notice. The insurer suggested consumer contact language that recited the insurer's contact information in the body of the notice but referred the reader to the Creditor Beneficiary item in the Schedule for the creditor's contact information. We approved that language on a non-standard basis for that insurer and have suggested and approved it for other insurers since. We now adopt that language as the standard consumer contact notice.

Subsection (p) is added to the Instructions in § 2249.6 to provide guidance for drafting the consumer notice. As first proposed, it merely reflected the last sentence of Ins. C. § 510, to the effect that, if a policy or a certificate is delivered by a licensed agent to an insured, the consumer contact notice shall advise the insured to contact the agent for assistance. With the redrafting of the proposed consumer notice, it was amended to clarify that either or both the insurer and the Creditor Beneficiary could be listed as consumer contacts (subject to the last sentence of Ins. C. § 510) and that the Creditor Beneficiary's telephone number must be listed in the Creditor Beneficiary Schedule item if that entity is referred to in the consumer notice. (The telephone number is not otherwise required in that Schedule item.).

We appreciate that the proposed subsection appears to duplicate Ins. C. § 510. However, the subsection does not establish the requirement relative to the agent, but rather instructs policy form drafters how to properly reflect that requirement in the standard certificates that they draft.

We issued a "Notice of Amendment to Text of Regulation" and placed the "Amended Text of Regulation", reflecting the amended proposed language, on the Department's web site on November 29, 2005. The Notice recited that comments on the changes had to be received by 5:00 PM on December 20, 2005. We received no comments on these after-hearing amendments.

Notice of Proposed Insurance Block D-3, in § 2249.13, was inadvertently omitted from the original proposed Text of Regulation and the Amended Text of Regulation of November 29, 2005. It appears as amended in the same manner as Blocks D-1 and D-2, in the Second Amended Text of Regulation dated August 11, 2006. This and the Notice of Second Amendment to Text of Regulation of the same date, were posted on the Department's web site on August 8, 2006 and mailed as required by law on August 9, 2006. The period for comments on this change ended on August 28, 2006. We received no comments on this change.

8. Add Credit Insurance Producer's License Number. Existing regulations do not call for displaying producing credit insurance agents' California license numbers on credit insurance certificates. Insurance Code § 1758.99, enacted in 2000, requires such license numbers to appear on ". . . any evidence of (credit) insurance."

The caption of Schedule Block SC 5, "Creditor Beneficiary", in § 2249.10, is amended by adding "Insurance Agent's License Number" to it, to make it consistent with the cited Insurance Code Section.

We have required that credit insurance agents' license numbers appear on credit insurance certificates filed for approval on a non-standard basis since Ins. C. § 1758.99 became effective. We did not require that the license numbers appear in any specific place, but most filers included them in the Creditor Beneficiary Schedule block, so we have adopted that as standard.

9. Change Minimum Premium Refund Existing regulations provide that insurers need not pay premium refunds of less than $1.00 when single premium coverage terminates prematurely under the standard WHEN INSURANCE STOPS – REFUNDS provisions.

Section 2248.38(a)(3), promulgated in 1994, changed this minimum refund to $5.00.

Policy and Certificate Blocks PK 1 through PK 3 and PK 8 in § 2249.12 are amended to make them consistent with § 2248.38(a)(3).

Public Comments and Responses on the Change in the Minimum Premium Refund Language.

In its letter to the Department dated November 16, 2005, American International Companies made the following comments; the Department response follows each comment:

Comment 1: "The first relates to proposed changes to 10 CCR § 2249.12, specifically to policy blocks PK 1, PK 2, PK 4, and PK 6. While conceptually a charge-off may be subsumed in some of the language in these policy blocks through the use of terms such as when the loan "otherwise stops" [PK 1, PK 2, and PK 6] it is not clear whether a charge-off is a permissible basis for cancellation and refund of premium. While many charge-offs are likely to occur after three months of delinquency in payment of monthly premium [PK 4(4) and PK 6(4)] that may not always be the case. It would seem, consequently, that adding reference to a charge-off would be both necessary and add clarity to these standard provisions."

Department response: The commenter's reference to a "charge off" is unclear to us, although it could be inferred that it relates to a creditor determining that a loan is in hopeless default and is "charged off" as a loss. If that means that the entire loan becomes immediately due and payable, then it would be appropriate for the credit life and disability insurance to terminate. In our opinion, this is "subsumed" in the reference to when the loan "otherwise stops" in the existing provisions, as the commenter suggests.

Generally, it is up to the creditor to set the conditions under which a loan "stops" and those conditions, and the terminology that the creditor uses to describe them, will vary. Thus, we would be reluctant to add additional language reflecting those conditions without more public comment. In any event, all the debtor needs to know in the context of his or her insurance coverage is that it stops when the loan does. If the creditor wants to know when "the loan stops," he or she can consult the loan agreement.

We decline to make changes in response to this comment in the absence of a definition of "charge off" and suggested language in the commenter's letter.

Comment 2: "The second issue is not necessarily within the scope of the rule making notice but is one that should be brought to the Department's attention. 10 CCR § 2248.38 (a)(2) allows a $10.00 retention by the insurer when refunding credit disability premium. While the minimum refund language is in the standard forms, the retention is not. I bring this to your attention because we have been urged to include this language by the Department of Corporations, which of course we cannot do because of the regulatory restrictions. It would seem consistent with the purpose behind these regulations to include the retention amount in the standard language."

Department Response: We agree that the $10 retention is not specified in the standard language. However, the Policy and Certificate blocks PK 1 through PK 8 recite that refunds will be made pursuant to "a formula approved by the Insurance Commissioner" and the standards for said approved formula include the $10 retention in the Section cited by the commenter. The retention is only a small part of that formula and would mean little to the debtor if he or she did not know what the "retention" is held back from. This would suggest that the entire formula should be set forth in the certificate, but the certificate does not provide the single premium data that would be necessary to compute the refund under the formula in § 2248.38(a)(3). It would have been helpful for us had the commenter described why the Department of Corporations had urged that a reference to the retention be included. We decline to make a change in response to this comment.

CHANGES TO IMPROVE INTERNAL CONSISTENCY

10. Standardize Open-end Life Insurance Provisions. Existing open-end standard life and disability certificate forms ID #18 and #19 have life insurance provisions that cover, ". . . the outstanding principal balance of your loan . . . plus not more than two months unpaid loan interest." Existing open-end standard life-only certificate forms ID #21 and #22 have life insurance provisions that cover, " . . . the total amount due on the loan (excluding unearned finance charges) . . ."

The different life insurance provisions produce the same benefit amounts when the covered indebtednesses are not delinquent at date of death. However, they may produce inconsistent benefit amounts or result in uncertainty where loans are delinquent at date of death, depending upon how unpaid interest is accounted for under those loans. It is illogical that the presence of a disability benefit provision (effective or not) in a certificate should reduce the life insurance coverage of unpaid interest on a delinquent loan. Further, a life-insured-only debtor might be covered under either life insurance provision depending upon the creditor's practice, since a creditor can issue a life and disability certificate to such a debtor if disability coverage is available under the creditor's insurance program. (§ 2249.6(a))

Certificate forms ID #18 and #19 were adopted when "credit union open-end" loans (see § 2248.31(e)) were the only open-end credit transactions provided for in the regulations. We understand that these loans are structured such that the "principal balance" and the "two months unpaid loan interest," if any, at the date of death, referred to in the certificates, can be readily determined. Certificate forms ID #21 and #22 were adopted later at the time that the regulations were expanded to cover insurance on "revolving accounts" (now, "credit cards" and "lines of credit"), where unpaid interest is usually included in the unallocated balance for the following period for which interest is charged.

The life insurance provisions in the standard open end certificates are standardized to eliminate the foregoing inconsistencies. The lists of block numbers in §§ 2248.8 and 2248.9 are changed to provide that the life insurance provisions in the ID # 18 and ID # 19 certificates will be the same as those in the existing ID # 21 and ID # 22 forms, respectively, so that the standard open-end life insurance provisions are consistent with one another and are appropriate for all open end indebtednesses.

We appreciate that some credit unions and insurers may want to continue providing the traditional life insurance coverage for credit union open end loans reflected in the existing ID # 18 and # 19 certificates. Thus, the existing Policy and Certificate Text Block PC3, reflecting that coverage, is redrafted as an optional, alternative "Amount of Life Insurance" provision for covering credit union open end loans in all the standard open-end certificates. An appropriate instruction, subdivision (1), is included in amended § 2249.6(l). Also, Policy and Certificate Block PC 4 (the single life version of existing PC 3) in § 2249.12 is repealed.

11. Standardize Monthly Premium Provisions in Applications. Sections 2248.34 and 2248.35 of the credit insurance premium rate regulations provide that monthly premiums for "open end" and "closed end" products are to be computed and applied similarly in that they depend directly or indirectly upon the insured loan balances outstanding on the monthly billing dates. Existing regulations provide standard applications for monthly

premium "open-end" products that explain the manner in which the monthly premiums are computed and applied. However, the regulations provide that monthly premium closed end certificates shall use the same applications as the corresponding single premium certificates. Those applications are silent about premiums. Insureds covered by monthly premium, closed end products should be told how their premiums are computed and applied to the same extent as insureds covered by open-end products.

Monthly premium closed end products were rarely used until legislation enacted in 2001 required monthly premium plans in credit insurance covering certain types of loans secured by real estate. The resulting surge of interest in monthly premium closed end products brought to light the inconsistent premium provisions in the applications for closed end and open end monthly premium products.

New Application Blocks AP 21 through AP 25 are added to § 2249.11 for use with closed end monthly premium certificates. These applications were developed by combining language from the existing closed-end applications with monthly premium language derived from that in the standard open-end applications. Life premiums are computed in the same way for both open and closed end life coverages, so the open-end language is duplicated in the closed end applications. However, closed end monthly disability premiums are computed slightly differently than those for open end disability, and the language in the new applications reflects the premium computation called for in § 2248.35(a).

Existing regulations provide for modifying the Medical Application of Borrower (Application Block AP 20) subscription agreement when it varies from that in the non-medical application for the certificate with which the Medical Application will be used. However, the regulations do not similarly provide for modifying the introductory language starting with, "You are applying for the credit insurance . . . ", even though the corresponding language in the non-medical applications is different for single and monthly premium products. Section 2249.6(d) is amended to require that monthly premium introductory language be used in Medical Applications of Borrowers drafted for use with monthly premium certificates. This language is taken from the standard, non-medical applications for monthly premium products; it is the same for products covering open and closed end loans.

Read literally, the originally-proposed amendment would have inserted the monthly premium introductory language into the application after the medical questions, rather than before them, as was intended. The amendment is changed to place the text before the medical questions in the Second Amended Text of Regulation dated August 11, 2006. This and the Notice of Second Amendment to Text of Regulation of the same date, were posted on the Department's web site on August 8, 2006 and mailed as required by law on August 9, 2006. The period for comments on this change ended on August 28, 2006. We received no comments on this change.

11.1. Correct Inconsistencies in List of Block Number Sections. Existing regulations call for text blocks in certain standard forms that are inconsistent with the corresponding text blocks in parallel standard forms. Likewise, text blocks appearing in certain standard forms are not called for in parallel standard forms even though the context of the latter forms would seem to require them.

Section 2249.8 calls for a PA 1 single premium individual policy block in standard ID # 18, # 19 and # 20 monthly premium policies. The section is amended to call for a PA 4 monthly premium, individual policy block in these policies, as is used in the other monthly premium individual policies in the regulation..

Sections 2249.8 and 2249.9 require Schedule Block SC 15, relating to disability waiting/elimination periods, in all disability only standard forms except for the ID # 20 policy and certificate. This is important information for disability insureds, so the sections are amended to call for Schedule Block SC 15 in the ID # 20 standard forms.

Sections 2249.8 and 2249.9 call for Policy and Certificate Block PK 8 in level life-only ("Agricultural") standard forms ID # 31 and ID # 33. Block PK 8, which is also used in the life and disability and disability-only agricultural forms, is nonspecific as to the measure of premium refunds in case of early termination because different formulas are used to determine life and disability refunds. However, the regulations include a standard premium refund Policy and Certificate Block PK 3 for other level life forms (ID # 16 and ID # 17) that specifies how refunds will be calculated for level life coverage. The sections are amended to provide for the more informative Block PK 3 to be used in the ID # 31 and ID # 33 standard forms. This makes the latter forms consistent in this respect with the other life-only standard forms in the regulations.

Section 2249.9 calls for Notice of Proposed Insurance ("NOPI") blocks in the NOPIs for ID # 25 through ID # 28 certificates that misstate the amount of life insurance benefit in these closed-end forms. The blocks state that the amount of life insurance is the "total amount due on the loan . . . ", which implies coverage of delinquencies. However, the life insurance benefit provisions in the certificates state that the benefit is the "scheduled unpaid balance due on the loan" which excludes coverage of delinquencies. Section 2249.9 is amended to substitute NOPI block B-5 for block B-3 and NOPI block B-6 for block B-4 in the entries for ID # 25 through ID # 28. The substituted blocks include the latter quoted phrase and make the NOPIs consistent with the certificates with which they are to be used.

The entry for individual policy ID # 13 in § 2249.8 calls for two PI series Policy and Certificate blocks pertaining to suicide, blocks PI 3 and PI 1, while it lacks a PL series block pertaining to what constitutes the contract of insurance. Block PI 1 refers to "the co-borrower," which is inappropriate in this single life and disability form, while block PI 3 does not. All policies and certificates must contain a PL series block and Block PL 1 is the appropriate block for this closed end policy. Thus, Policy and Certificate block PL 1 is substituted for block PI 1 in the entry for ID # 13 in § 2249.8 to make that entry consistent with similar entries in the section.

The entry for individual policy ID # 19 in § 2249.8 does not call for Policy and Certificate block PN 1, "Rules for Filing a Life Claim," even though this policy includes life insurance coverage. It is necessary to add that block to the entry to provide this important information to the insured debtor.

CHANGES TO REDUCE NON-STANDARD POLICY FORM FILINGS

Generally. Existing regulations provide, in essence, that policy forms subject thereto need not be filed with the Department before use if they comply with the requirements

for "standard" forms set forth therein (subject to § 2249.2(a)). § 2249.4. Forms that do not comply with the standard forms requirements must be approved by the Department on a non-standard basis before use. § 2249.2, subparagraphs (b) through (d). Filings of non-standard forms consume industry time and resources to develop and Department time to review and process, adding delay and expense to the introduction of new insurance products into the market place. It is in the interests of the industry and the Department to reduce the need for non-standard filings, consistent with the Department's regulatory concerns. This can be done by adopting standard language for use in circumstances not provided for in the existing regulations and by broadening existing permissible variations from standard language.

12. Adopt Standard Language for Joint Disability Insurance. Existing regulations do not provide for joint disability coverage in standard credit insurance products. Insurance C. § 779.36(c), enacted in 1992, authorizes such coverage, but insurers have to file non-standard forms to provide it. It is necessary to adopt standard language for providing joint disability coverage to relieve the industry and the Department of the burdens of filing and reviewing products with such coverage on a non-standard basis.

Few changes in existing language are needed to provide joint disability coverage. Both the Primary Borrower and the Co-Borrower are "called you" in Schedule Blocks SC 1 and SC 2 in § 2249.10. The Total Disability Insurance Benefit provisions (Blocks PF 1 through PF 4) and the Definition of Total Disability (Block PG 1), in § 2249.12, refer to the covered person(s) as "You". Only the sentence, "Only the Primary Borrower is eligible for disability insurance," in the standard applications, restricts disability coverage to the primary borrower. Omit that sentence and the existing language provides disability coverage for both borrowers on its face.

The existing standard language in this instance would pay disability benefits to both borrowers if they were simultaneously disabled. This would not be "joint" coverage as authorized by Ins. C. § 779.36(c), which is understood in the insurance industry as providing a benefit for either joint insured but not for both. A sentence added to the Total Disability Insurance Benefit provision to the effect that only one disability benefit will be payable for any month in which both borrowers are disabled would resolve this issue.

A new subsection (n) is added to § 2249.6 instructing form drafters as to how to provide for joint disability insurance as described above. New premium (SC 38 and SC 40) and coverage selection (SC 39) Schedule Blocks are added to § 2249.10 to provide for this additional benefit option.

13. Broaden Applicability of Standard "Partial Payoff" Provisions. Existing regulations provide standard language for "partial payoff" provisions, which insurers can use to "cap" or limit insurance coverages to life and disability benefit maximums stipulated in the certificate Schedules. Existing § 2249.6(k) limits the use of such provisions to form types 1 through 5 (obsolete), 16 and 17 (level life) and 30 through 34 ("agricultural loans").

Many non-standard form filings are of products covering indebtednesses with principal amounts and/or monthly payments that exceed the benefits that the insurers want to provide. We have approved various types of benefit reduction mechanisms on a non-standard basis in the past, but the benefit cap in the existing regulations is the easiest to

draft, with most of the language for it already in the regulations. However, insurers wanting to use it often have to seek non-standard form approval because of the restrictions on the standard forms that may use the cap. It is necessary to broaden the availability of the standard capped partial payoff language to relieve the industry and the Department of the burdens of filing and reviewing products with such language on a non-standard basis.

The following changes are made to broaden the availability of the "capped" partial payoff mechanism to all standard forms families in which it is appropriate, and to make standard language changes consistent with the broadening of its use.

The existing penultimate sentence in § 2249.6(k), limiting the standard forms that may use the standard partial payoff language, is changed to permit the language in all standard forms except types 6 through 10. The latter forms are prohibited from using partial payoff provisions by Financial Code §§ 18291(a) and 22314(e).

The standard life insurance partial payoff clause in § 2249.6(k) states in part, ". . .the life insurance benefit will not completely pay off your debt . . . " The language is correct for level life coverages, but it is inaccurate with respect to the far-more-common reducing life coverages. There, the standard partial payoff mechanism will completely pay off the debt if the outstanding loan balance on date of death has decreased to the maximum amount of life insurance stipulated in the certificate.

The word "will" is changed to "may", in the standard life insurance partial payoff clause in § 2249.6(k).

The partial payoff clause also refers the reader to ". . . the paragraph titled "Amount of Life Insurance" to calculate the partial payoff". However, the Amount of Life Insurance provisions for closed end life products do not refer to the "Maximum Amount of Life Insurance" Schedule Block. (The "Amount of Life Insurance" provision for open end products does so refer.)

The existing instructions in § 2249.6(k) are amended by requiring that the sentence, "But we will not pay more than the Maximum Amount of Life Insurance in the Schedule." be added to the end of the standard "Amount of Life Insurance" provision, as appropriate, when the life insurance partial payoff mechanism is included in a standard form. The sentence to be added is the same as the last sentence of Policy and Certificate Block PE 3 in § 2249.12.

No change is made in the closed-end Total Disability Benefit provision because there is no reference to that provision in the disability partial payoff clause.

Existing regulations require that partial payoff caveats on certificates be in red "overprint" (open-faced type printed diagonally across the face of the document).

Many policy forms are printed on an as-needed basis on laser printers, as opposed to the letterpress or lithographic technology predominant in the 1970's, when the standard forms regulations were originally drafted. Many of these printers cannot print in color and the Department has permitted insurers to use means other than red type to emphasize the required caveats. However, an "overprint" in the same color as the text in the body of the certificate may obscure that text. It is necessary to ease the existing requirements in recognition of these changes in certificate printing practices.

The paragraph beginning, "In addition, the face page of the policy . . . ", in § 2249.6(k), is amended by replacing "red" with "prominent" and by deleting the requirement that the warning be an "overprint."

14. Provide for Medical Underwriting of Co-borrowers. Existing regulations do not provide for asking underwriting medical questions of co-borrowers in the standard Medical Application of Borrower. Many insurers want to medically underwrite both borrower-applicants for joint credit insurance coverages, and they have had to file non-standard applications to do so. It is necessary to adopt standard language for medically underwriting co-borrowers to relieve the industry and the Department of the burdens of filing and reviewing applications with co-borrower medical questions on a non-standard basis. The instructions in § 2249.6(d) for drafting a standard Medical Application of Borrower are amended to allow for this variation without rendering the form "non-standard" and thus, subject to filing and approval.

15. Authorize AIDS/ARC Medical Questions in Medical Applications. Existing regulations do not provide for a question inquiring into AIDS or ARC in the standard Medical Application of Borrower. Since 1985, when the existing regulations were last revised, insurers have become concerned about underwriting for the risk of AIDS or ARC and the Department has routinely authorized questions about those conditions in non-standard Medical Applications of Borrowers. It is necessary to adopt standard language for AIDS/ARC medical questions to relieve the industry and the Department of the burdens of filing and reviewing applications such questions on a non-standard basis.

A separately numbered AIDS/ARC medical question is added to Application Block AP 20 in § 2249.11. The question is in the language that the Department has long recommended and approved in all life and disability insurance applications subject to its approval. The items following the new question are renumbered appropriately.

16. Allow Variation from "Advance" in the Standard Forms. Existing regulations do not authorize variations from the word, "advance" as used in standard forms covering open-end credit arrangements.

Credit insurance coverage on credit cards used to purchase goods and services has become common since the standard forms regulations were first adopted. The credit industry and the public generally use the term, "charge" to apply to credit card debits rather than "advance," as used in the standard forms and which is more appropriate to credit union open end loans. Many insurers have made non-standard forms filings just to change "advance" to "charge". It is necessary to provide for this nomenclature change to relieve the industry and the Department of the burdens of filing and reviewing forms with this change on a non-standard basis. Section 2249.6(a) is amended to allow the word "charge" to be varied in the standard forms under the conditions applicable in the existing regulations to varying other specified terms.

17. (The proposed change to § 2249.2(d) was withdrawn.)

18. Pre-existing Conditions Limitations in Life Insurance. Existing regulations do not provide for limitations based upon pre-existing medical conditions in standard credit life insurance coverages. Insurance C. § 779.30(b), enacted in 1992, authorizes such limitations and insurers have to file non-standard forms to impose them. Most of the

products approved with such limitations cover high limit lines of credit, which are said to be particularly vulnerable to anti-selection. (A debtor learns of a life-threatening medical condition and "runs up the balance," with the expectation that the credit insurance will pay it off should the debtor die.) However, the statutory authorization is not limited to such indebtednesses and the Department has received filings of forms with such limitations for covering many other types of loans.

These non-standard filings have shown that it is easy to draft approvable forms with life pre-existing conditions limitations and we have suggested model non-standard language which has been readily accepted by filers. However, promulgating language for the limitations in all their possible variations would make the regulations more cumbersome and difficult to use for those insurers that do not impose the limitations. Also, continuing to require that forms with life pre-existing conditions limitations be approved would help in collecting data for analyzing the effect of the limitations on loss experience and prima facie premium rates. For these reasons, the Department does not adopt standard language for certificates containing these limitations. However, Section 2249.6(o)(1) is added to suggest that forms including such limitations are permissible but must be filed for approval on a non-standard basis.

CHANGES TO CLARIFY THE REGULATIONS

19. Clarify the Extent to Which Ages May Be Varied. Existing regulations specify variations from standard language that do not render forms "non-standard" and thus subject to Department approval. Variations in eligibility and termination ages are not among those specified.

Existing regulations do not allow "variable" ages in standard forms because the prima facie maximum premium rates (established by Article 6.8) assume that the ages will be 65. § 2248.32(b). We usually approve variations from age 65 on a non-standard basis after filers have made arrangements satisfactory to our actuarial unit for reporting the non-standard experience data. Otherwise, such data could corrupt the experience data used to establish the prima facie rates.

Many filers of non-standard forms nevertheless state, in their filings, that eligibility ages (and termination ages in open-end coverages) are "variable" at the filers' option. This suggests that they do not understand that the regulations do not allow for these ages to be varied in standard forms, which are not required to be filed. Thus, it is necessary to make the regulations explicit that users of standard forms may only vary these ages with the Department's approval.

Language is added to the second paragraph of § 2249.6(a) to emphasize that the ages set forth in the standard forms may not be varied except as noted. The language permits insurers to use age 66 in lieu of age 65 because the additional one-year is unlikely to produce credible differences in life insurance loss experience in our opinion. Some insurers prefer to use age 66 in otherwise-standard forms.

20. Repeal the "Conformity with State Statutes" Provision in Certificates. Existing regulations require a Conformity with State Statutes provision in group certificates to the effect that the master insurance policy is amended to comply with the laws of the state

where the master policy was delivered. The regulations also require the provision in individual policies.

The certificate provision may confuse or mislead holders of certificates issued under master policies delivered outside of California. (A master group credit policy is usually delivered to a multi-state creditor in the state where the creditor's headquarters are located.) California imposes its standards on group insurance certificates governed by these regulations regardless of the situs of the master policy. However, the provision would lead a California debtor with a certificate issued pursuant to an out-of-state master policy to believe erroneously that his coverage was governed by the laws of the other state, not by those of California. Likewise, a certificate holder in another state covered by a California master policy if that state imposed its own laws. The requirement for Conformity with State Statutes provision in group certificates must be repealed to clarify the application of state law in these situations. (The provision is appropriate in individual policies because the multiple state problem does not arise.)

Policy and Certificate Block PO 2 in § 2249.12 is repealed and the references thereto in § 2249.9, List of Block Numbers for Each Identification Number – Group Certificates, are repealed.

The Department did not urge this change in filings of non-standard certificates before this rulemaking action was noticed.

21. Clarify the ID Number Chart The existing Identification Number Chart (§ 2249.7) groups the standard certificates into form "families," under generic captions reflecting either common form design features or the type of credit "business" that the forms are designed to cover. It is necessary to change some of the captions because they are obsolete or misleading.

The existing Chart captions the (repealed) closed-end, single premium gross decreasing life family of forms (ID 1 through ID 5) as "Basic Coverage." The Chart captions the closed-end, single premium net balance forms (ID 11 through ID 15) as "Net Balance." With the prohibition of gross decreasing life coverages, the net balance forms are the most commonly used of the standard forms, so "Basic Coverage," replaces "Net Balance" in the caption for the ID # 11 through 15 forms. This will assist new users of the Chart in understanding its format.

The ID # 6 through 10 forms contain unique language required by Financial C. provisions pertaining to "regulated loans" (essentially, "small loans") made by lenders holding specified licenses from the California Department of Corporations. Financial C. §§ 18291(a) and 22314(e). The existing Chart captions this form family as "PPB, ILC and CFL," for Personal Property Broker, Industrial Loan Company and Consumer Finance Lender, which were the applicable licenses at the time that the regulations were last amended. Existing credit rate regulations (§ 2248.33) provide a specific premium rate classification, "Class A," for forms covering regulated loans.

The ILC and CFL lender classifications have been replaced by the lender classification, California Finance Lender, as noted above, so the caption is obsolete. Further, Personal Property Brokers and California Finance Lenders can also make loans that are not

"regulated" and which should not be covered by the ID # 6 through 10 standard forms, so the caption is also misleading.

The caption, "PPB, ILC and CFL" is replaced with the term, "Class A Business", which accurately describes how the captioned forms are to be used.

22. Change "policy" to "certificate" in Disability Applications. Existing regulations provide that standard applications for certificates including credit disability coverage include a caveat, "(Refer to "Total Disabilities Not Covered" in your policy for details.)".

Virtually all credit insurance is provided on a group basis, so most drafters of standard forms have to change "policy" to "certificate" or the application will be vague.

Application Blocks AP 1, AP 3, AP 5, AP 7, AP 10, AP 14, and AP 16 through AP 19 are amended to change "policy" to "certificate" in the quoted parenthetical phrase. This change is necessary so that drafters of standard forms will be able to follow the regulations verbatim except in the few cases where individual policies are used.

23. Make References to Open-End Loans Consistent with Other Regulations. Existing regulations refer to open-end business as "Revolving Credit Accounts" or "Open-End and Revolving". However, the credit insurance rate regulations, Article 6.8, refer to open end business in terms of three categories, "Line of Credit, Credit Union Open End and Credit Card" and define them in § §2248.31. It is necessary to recaption Sections 2249.6(l) and the ID # 18 through ID # 22 forms in the Identification Number Chart (§ 2249.7) to make them consistent with the rate regulations.

24. Clarify Approval Requirements for New Filers. Existing Section 2249.2(a) provides that an insurer that was not active in credit life and disability insurance in California for one year prior to "the effective date of this regulation" must file its "credit insurance forms" for the Department's approval until the Department waives such filing.

Department experience has been that companies new to the California credit insurance market often appear to regard the standard forms as "guidelines" for form drafting, not to be followed verbatim, or as "armatures" upon which to affix their own language. Other companies propose forms that combine language from many of the standard forms, in "one size fits all" mishmashes which can only confuse debtors. Thus, the Department has always asked companies new to credit insurance in California to submit their standard forms for approval until they demonstrate that they understand the regulations. We have generally cited § 2249.2(a) as the basis for such requests, even though it hasn't applied on its face since 1979. Also, the Section is unclear as to what "forms" are required to be filed, since other provisions require the filing of all non-standard forms.

It is necessary to change Section 2249.2(a) to codify the Department's long-time interpretation of this provision. The Subsection is amended to apply to insurers that have not actively transacted credit insurance in California for a year before the forms are to be issued, without regard to the regulations' effective date. Also, it is amended to apply specifically to "standard" forms.

25. Clarify Use of "Wrap-around" Group Policies. Existing regulations provide that "existing" group master policies may be brought into compliance by adding riders amending them to provide coverage as described in the certificates, specimen copies of

which are attached to the policies. Such policy/certificate packages are sometimes called "wrap around" group policies.

Section 2249.6(j) suggests that, while "existing" non-conforming group master policies may be so amended, new group master policies may not be. However, there are advantages to structuring group master policies so that their benefit provisions are provided in specimens of the certificates of coverage issued pursuant thereto. It prevents inconsistencies between the master policies and the certificates. It expedites Department review of policy and certificate filings, since the benefit provisions need only be reviewed once (in the certificate). Insurers need not file new group policies each time they introduce a new product. Policy approval fees for "wrap around" group policies are less than those for conventional group policies to reflect their easier review. § 2203(f).

It is necessary to amend Section 2249.6(j) so that it applies to all master policies subject to the regulations, not just to those "existing" at the time the standard forms regulations were first promulgated. The Subsection is amended by repealing the quoted word, which so limited its application.

26. Alert Filers about Required Language Not In the Regulations. Existing regulations do not include language for certain documents that the Insurance Code requires in the solicitation or delivery of credit insurance products in California. Insurance Code § 1067.17(b) requires that a guaranty coverage notice promulgated by the California Life and Health Insurance Guaranty Association be delivered with most life and disability insurance policies and certificates, including those subject to these regulations. Insurance Code §791.04 requires that a notice of information practices be included in the solicitation of life and disability policies and certificates in specified circumstances. These notices need not appear in the policies or certificates and most insurers provide them as separate documents.

The regulations do not include language for these notices. If the notices are separate from the policy forms, they are not among the forms enumerated in Ins. C. 779.27, authorizing the regulations. The Department's authority to promulgate language for these notices is unclear even if the notices were to appear in the certificates. Thus, it is necessary to alert forms drafters that they cannot rely on the regulations alone in drafting forms that are subject to the former cited Insurance Code sections.

Subdivisions (2) and (3) are included in the new § 2249.6(o), warning forms drafters that that these notices are or may be required and that the regulations do not provide language for them.

27. Update Transition Language. Existing regulations contain provisions dating from their last revision in 1985, dealing with the transition to the then-amended regulations. They stipulate the date upon which insurers could no longer use forms that did not comply with the 1985 changes. That date was approximately eleven months after the effective date of the amendments. It is necessary to change Section 2215(b) to reflect the current rulemaking action.

Changes in rulemaking procedures in the last twenty years and uncertainties as to the resources available to pursue regulation changes make it difficult to stipulate a compliance date for this rulemaking action. Thus, § 2215(b) is amended to provide that

compliance with the changes made by this rulemaking action will become mandatory one year after the effective date of the changes. This transition period is longer than that for compliance with the initial introduction of the standard forms system at a time when the preparation of revised printed documents was very much more time-consuming than it is today. (The effective date of the rulemaking action will appear in the HISTORY note following the section when it is published.)

NON-SUBSTANTIVE CHANGES

28. Amend Obsolete Cross-reference. Existing § 2249.2 includes the phrase, ". . . Sections 2200 through 2217 of this Subchapter. . . ", referring to Article 1, "Document Submission and Approval Procedures; Fees". Section 2200 was repealed in 1997 and Article 1 now begins with § 2201. It is necessary to change § 2249.2 to reflect this repeal.

29. Repeal Reserve Computation Form. Existing § 2248.19 establishes a "Disabled Lives Reserve Development Form" for use in certain circumstances. The Section is a remnant of a premium rate regulatory scheme which was repealed with the promulgation of Article 6.8 in 1994. That Article does not call for the cited form, so § 2248.19 is repealed as being unnecessary.

30. Update Authority and Reference NOTES. Existing regulations contain Authority and Reference notes with obsolete or incomplete citations to the Insurance Code, the Financial Code and the Code of Regulations. The notes to Sections that are otherwise changed are amended to make them consistent with current laws.

31. Update "Sample" Policy Form. Existing regulations contain a "Sample Policy" that illustrates how the regulation text blocks are assembled to form an ID # 1 individual policy with gross decreasing life coverage. The Sample Policy in § 2249.14 is changed to an ID # 11 group certificate with a ("net balance") decreasing life insurance benefit that complies with Ins. C. § 779.4(a)(1). A group certificate is adopted for the Section because group plans are used far more frequently than individual polices in the credit insurance business subject to these regulations. The Section is recaptioned to reflect the new sample form and references to that caption in §§ 2249.1 ("Table of Contents") and 2249.6(b)(3) ("Instructions for Drafting and Use") are amended accordingly.

The "WHAT THE CONTRACT IS . . . " provision in the sample form was changed from Policy and Certificate Block PL 1 to Block PL-2 as part of changing the form to a certificate. However, some of the indications of new and deleted material in the fourth sentence of the provision were incorrect in the original proposed Text of Regulation and the Amended Text of Regulation of November 29, 2005. Corrected indications of new and deleted text are in the Second Amended Text of Regulation of August 11, 2006. This and the Notice of Second Amendment to Text of Regulation of the same date, were posted on the Department's web site on August 8, 2006 and mailed as required by law on August 9, 2006. The period for comments on this change ended on August 28, 2006. We received no comments on this change.

ALTERNATIVES

The Commissioner must determine that no reasonable alternative considered by the Commissioner or that has otherwise been identified and brought to the attention of the Commissioner would be more effective in carrying out the purposes for which the amended regulations are proposed or would be as effective as and less burdensome to affected private persons than the proposed regulations. The only alternative would be to not amend the regulations as proposed, so that insurers would not be able to rely on the regulations to draft lawful policy forms. Insurers would continue to have to file for approval, policy forms covering joint disability or credit cards, policies with a common type of "partial payoff" limitation and Medical Applications of Borrowers with medical questions applicable to co-borrowers or with AIDS/ARC medical questions. The Commissioner is aware of no other reasonable alternative to the proposed amendments that would be less burdensome on the entities subject to the regulations. The Commissioner invited public comment on alternatives to the regulations and no such comments were received.

ECONOMIC IMPACT ON SMALL BUSINESS

The Commissioner has identified no reasonable alternatives to the amended regulations, nor have any such alternatives otherwise been identified and brought to the attention of the Department, that would lessen any impact on small business.

The Commissioner has determined that the amendments to Article 6.7 will not affect small businesses. The Commissioner has determined that the amendments to Article 6.9 will affect only those small businesses that distribute or market credit life and disability insurance to their customers. Such business will have to take steps to ensure that they use the proper, updated policy forms as supplied to them by insurers. The costs of that impact are unquantifiable.

Insurers are not small businesses pursuant to Government Code § 11342.610(b)(2).

IDENTIFICATION OF STUDIES

There are no specific studies relied upon in the adoption of the proposed regulations.

SPECIFIC TECHNOLOGIES OR EQUIPMENT

Adoption of these regulations does not mandate the use of specific technologies or equipment.

PRENOTICE WORKSHOP FOR DISCUSSIONS

The Commissioner did not conduct prenotice public discussions pursuant to Government Code section 11346.45. Thus, no input obtained during prenotice public discussions was considered in formulating the revisions.

TABLE OF AMENDMENTS AND WHERE THEY ARE DISCUSSED IN THE STATEMENT OF REASONS

Amended Provision, Title 10, §	Paragraph No.		Amended Provision, Title 10, §.	Paragraph No.
2248.4(c)	6		2249.9	
2248.11	1		# 1 thru # 5 & # 15	3
2248.12	1		# 6 thru # 34	20
2248.19	29		# 18 & # 19	10
			#20	11.1
2249.1, pgh. 2249.14	31		# 25 thru # 29	11, 11.1
2249.2(a)	24		# 31 & # 33	11.1
			2249.10	
2249.6			SC 5	8
(a)	16, 19		SC 38 thru SC 40	12
(b)(3)	31		2249.11	
(d)	11, 14		AP 1, AP 3, AP 5, AP 7, AP 10, AP 14, AP 16 THRU AP 19.	22
(j)	25		AP 5, AP 6, AP 7, AP 8.	5
(k)	3, 13		AP 20, New question 7	15
(l)	23		AP 20, Medical Info. Bureau Pre-Notice	2
(l)(1)	10		AP 21 thru AP 25	11
(l)(2)	4		2249.12	
(n)	12		PA 1 thru PA 4	7
(o)(1)	18		PC 3 & PC 4	10
(o)(2)	26		PE 1	3
(o)(3)	26		PK 1 thru PK 3, PK 8	9
(p)	7		PO 2	20
2249.7	3, 21, 23		2249.13	
2249.8			B-1 & B-2	3
# 1 thru # 5 & # 15	3		D-1, D-2 & D-3	7
#13	11.1		2249.14	3, 31
# 18 & # 19	10, 11.1		2249.15(b)	27
# 20	11.1			
# 25 thru # 29	11, 11.1			
# 31 & # 33	11.1			

#397928